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No. 88-1804

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

CBS INC.,

Petitioner,

—v.—

STEPHEN M. SILVERMAN,

Respondent.

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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PRELIMINARY STATEMENT

Silverman's only response to the conflict between this Court's precedents and the decision below is the incorrect claim that the Lanham Act overruled the standards for trademark abandonment laid down by this Court *sub silentio*. Silverman's only response to the conflict between the decisions below and decisions of the Second, Third, Fourth and Eleventh Circuits and the Court of Customs and Patent Appeals is to ignore those conflicting decisions. The real basis of Silverman's position is that he cannot meet the federal "intent to abandon" standard here, as the District Court found. To resolve the indisputable conflicts between the decision below and controlling precedent, review is necessary.

Silverman's claim that state law issues were not raised below is nonsense. His own complaint, upon which the decision appealed was rendered, expressly sought relief under state law and common law, as did CBS's counterclaims. Moreover, the conflict that should be reviewed was created by the decision below and could not have been raised before it was rendered.

Finally, Silverman tries, by misquoting the Second Circuit's decision, to defuse the moral issue posed by the decision below. His attempt is in vain, because that issue is clear on the face of the Second Circuit's decision and cannot be evaded. The Second Circuit held, in effect, that suspension of commercial use of racially sensitive trademarks in deference to opinions in the black community and opinions of other concerned citizens constituted intent to abandon. The Second Circuit penalized that suspension by voiding CBS's trademarks, despite a well-settled principle that abandonment requires a wholly voluntary intent to abandon, not a decision actuated by external factors. Unless this decision is reversed, a judicial message hostile to the responsible use of broadcast media will become settled law.

For the reasons stated in the Petition, review should be granted.

ARGUMENT

I.

THE DECISION BELOW IS INCONSISTENT WITH PRIOR DECISIONS AND WITH THE LANGUAGE OF THE FEDERAL TRADEMARK ACT OF 1946

A. The Rulings Of This Court Concerning Abandonment Of Trademarks Were Not Overruled By The Lanham Act

CBS showed in its Petition that the Second Circuit's decision below rejected this Court's decisions in *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 21 S. Ct. 7, 45 L. Ed. 60 (1900) and *Baglin v. Cusenier Co.*, 221 U.S. 580, 31 S. Ct. 669, 55 L. Ed. 863 (1911). These cases laid down a rule requiring "intent

to abandon" in order to prove abandonment of a trademark. They have never been overruled.

Silverman has not even tried to argue that the Second Circuit's decision is consistent with this Court's rulings in those cases. Silverman only argues that those decisions were impliedly overruled by the Lanham Act in 1946. This is the same mistake that the Second Circuit made when it misinterpreted the legislative history and the statutory language of the Lanham Act. We pointed out these errors in the Petition, pp. 14-15.

Neither Silverman nor the Second Circuit point to anything in the Lanham Act legislative history showing that Congress intended to overrule the existing, well-settled rule established by the Supreme Court decisions. Without a clear expression of intent to change the law, Congress is presumed not to intend any change. *See McElroy v. United States*, 455 U.S. 642, 650 n.14, 102 S. Ct. 1332, 1337 n.14, 71 L. Ed. 2d 522 (1982) ("Because the legislative history contains no indication that the variation in language had changed the meaning of 'interstate commerce' . . . we conclude that Congress intended nothing by the change in language."); *National Treasury Employees Union v. United States Mint Systems Protection Board*, 743 F.2d 895, 916 (D.C. Cir. 1984) (" . . . it has become a 'contemporary precept that Congress legislates on the basis of policies and principles it has followed in the past, and unless Congress makes an express statement in the legislative history that it has abandoned longstanding precedent, the court will presume its retention.' "); *Bush v. Oceans Int'l*, 621 F.2d 207, 211 n.4 (5th Cir. 1980) (" . . . a change in the status quo should not be inferred unless Congress has unmistakably indicated a wish to the contrary.")

The Lanham Act uses interchangeably the phrases "intent not to resume" and "intention to abandon" when discussing abandonment of trademarks. 15 U.S.C. §§ 1127(a), 1059. Silverman argues that § 1059 actually incorporates, and is therefore controlled by § 1127(a). On that basis, Silverman

argues that the Court should ignore the use of the phrase "intention to abandon" in § 1059.[1]

In fact, the phrase "intention to abandon" in § 1059 confirms that the authors of the Lanham Act understood "intent not to resume" to have the same meaning as "intent to abandon" as the phrase was defined by the decisions of this Court in *Saxlehner* and *Baglin*. See Petition pp. 14-15.

Silverman's argument is absurd, as shown by his explanation of how § 1059 should be read based on his theory. In his Opposition (p. 11), Silverman argues that § 1059 should be read to incorporate the definition of abandonment in § 1127(a), which excuses non-use if the:

> non-use is due to special circumstances which excuse such non-use and is not due to any intention to [discontinue use of the mark with intent not to resume]. (bracket in original)

What this phrase says, as Silverman would have the Court read it, is that non-use is excused when it is not due to any intention to discontinue use with intent not to resume. That is, Silverman creates a layer-cake statute that would find abandonment based on an intention to discontinue with intent not to resume. This double-barrelled "intention" has no basis in statutory or case law and makes no sense as a matter of language.

In summary, it is clear that the Second Circuit's decision relies on the unsupportable conclusion that the Supreme Court decisions in *Saxlehner* and *Baglin* were overruled *sub silentio* by the Lanham Act. It is also clear that this interpretation is erroneous and requires reversal of the decision below.

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1 Silverman misquotes the statute as containing the phrase "intentional abandonment of the mark". Opposition, p. 11. The Court should not be confused by Silverman's error.

B. Silverman Has Failed To Address The Decisions In Conflict With the Decision Below

Silverman has failed completely to address the Court of Appeals cases that we cited in the Petition (p. 12) showing a conflict in the Circuits. Silverman thus has entirely failed to refute our showing that there are recent cases in the Second, Third, Fourth and Eleventh Circuits and in the Court of Customs and Patent Appeals relying on the "intent to abandon" standard that the Second Circuit rejected below.

In addition, Silverman does not deny that the Second Circuit erred in requiring "commercial" use of the trademark in the face of well-settled rules for establishing trademark rights without commercial use. *See* Petition, pp. 13-14.

It is not correct, as Silverman suggests (Opposition, p. 7), that the "intent to abandon" standard is impracticable because it would be virtually impossible to establish such an intent. First, the Lanham Act creates a *prima facie* case of such an intent from two years' non-use of a registered mark. 15 U.S.C. § 1127(a). Moreover, the very absence of any activity showing interest in a mark after cessation of use constitutes evidence of the owner's state of mind.

Conversely, intent to abandon can be disproved by conduct manifesting a continuing interest in the use of a mark. Here, the District Court recognized that CBS had shown such a continuing interest in use of the marks by the following conduct: (1) licensing of limited use of the marks; (2) periodic consideration of broader use of the mark; (3) challenging infringing uses; and (4) registering or renewing copyrights in over 100 Amos 'N' Andy radio and television programs. App. 59a-60a.

Thus, proof or disproof of intent to abandon presents no greater problem than proof of any other state of mind. Silverman's real argument is that the standard itself—intent *not* to resume use or intent to abandon—is too difficult to meet. This, however, is the statutory standard, which follows the *Saxlehner* and *Baglin* cases, that must be applied until and unless Congress removes it from the law.

C. Silverman Has Misrepresented The Second Circuit's Decision Regarding The Reasons For CBS's Suspension of Commercial Use Of The Trademarks

For the first time in this litigation, Silverman has depicted CBS's decision to suspend commercial use of the Amos 'N' Andy trademarks as a mere business decision. Opposition, pp. 12-13. This is directly contrary both to the findings of the District Court and to the language of the Court of Appeals, which did not reject any of the District Court's factual findings. Moreover, Silverman's argument is based on a misquotation of the Second Circuit's opinion.

The District Court found:

> In November 1964, CBS withdrew THE AMOS 'N' ANDY show from television syndication. It did this in response to pressure from civil rights groups, especially the N.A.A.C.P., that claimed the show presented a demeaning portrayal of blacks.
>
> * * *
>
> A significant factor in CBS's desire to keep AMOS 'N' ANDY off the market is its concern with the sensitivity of the subject matter, and its expectation of again being put in disfavor with civil rights groups.

App. 52a, 53a.

The Second Circuit, in turn, expressly recognized the point made by the District Court when the District Court concluded that CBS "succumbed to societal pressures and pursued a course of conduct that it reasonably believes to be in the best interests of the community." App. 16a.

Thus, it is obvious that both lower courts recognized that CBS was not actuated by a low opinion of the commercial value of the trademarks, but by the dual motive of societal conscience and concern about adverse public reaction.

In his Opposition, Silverman simply changed the words of the Second Circuit in an attempt to deceive this Court. Silverman wrote:

> It was the Circuit Court's view that CBS was willing to forego whatever business opportunities might currently exist in the hope that greater opportunities would exist at some undefined time in the future.

Opposition, p. 12. What the Second Circuit actually said was:

> Instead, it [CBS] decided, *albeit for socially commendable motives*, to forgo whatever business opportunities currently exist in the hope that greater opportunities, *unaccompanied by adverse public reaction*, will exist at some undefined time in the future. (emphasis added)

App. 16a. It is obvious that Silverman simply dropped the parts of the decision below that he did not like, in order to change the import of the Second Circuit's remarks.

Despite Silverman's gross distortion of the facts, this case turns on the issue, crystallized by the District Court, of whether:

> It would be offensive to basic precepts of fairness and justice to penalize CBS, by stripping it of its trademark rights, merely because it succumbed to societal pressures and pursued a course of conduct that it reasonably believes to be in the best interest of the community.

App. 61a. In keeping with the fundamental principle that trademark law is intended to protect the public interest, the decision of the Second Circuit should be reversed.

II.

THE CONFLICT BETWEEN THE DECISION BELOW AND THE NEW YORK STATE LAW OF ABANDONMENT WAS CREATED BY THE DECISION BELOW AND CONSEQUENTLY COULD NOT HAVE BEEN RAISED BEFORE THAT DECISION

Silverman argues that CBS cannot raise the clash between the Second Circuit's decision and the law of the State of New York on this application for review because it did not raise the issue

below. This is absurd because the Second Circuit's rejection of the "intent to abandon" standard created the conflict and thus could not have been raised before the Second Circuit's decision.

Silverman does not contest the fact that the Second Circuit has now diverged from New York State law. Before the decision below, the law of abandonment under federal and state law was in accord. As the Second Circuit itself pointed out in *Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1043 (2d Cir. 1980), both jurisdictions applied an "intent to abandon" standard.

When a Court of Appeals fails to follow controlling authority, thereby creating a conflict either with this Court, among the circuits, or with the state courts on an issue of state law, the issue obviously cannot be raised before the Court of Appeals. In such a case, no conflict exists prior to the Court of Appeals decision.

If Silverman's proposed rule of review were correct, many, if not most, conflicts among the Circuits would escape review, since the conflict would not exist prior to the Court of Appeals' decision and, necessarily, could not be raised below. Thus, Silverman's argument is fundamentally flawed.

Finally, Silverman claims that this issue should also be denied review on the factually false argument that this case was litigated solely under federal law. In support of this argument, Silverman notes only that CBS filed a counterclaim under § 43(a) of the Lanham Act. But this is merely another distortion put forth to deceive the Court.

First, Silverman's own complaint sought relief "under statutory or common law of copyright and trademark, common law unfair competition, state anti-dilution law, common law or statutory rights of privacy or publicity or any other jurisprudential theory." App. 28a. Thus, plaintiff's own complaint clearly raised issues of state law. The decision on abandonment below was rendered solely on Silverman's complaint, since CBS's trademark-related counterclaims were all dismissed as premature before the trial. App. 46a-48a, 49a n., 50a.

Second, CBS interposed claims under "common law trademark infringement and unfair competition" as well as under federal law. App. 29a.

Thus, under both Silverman's complaint and CBS's counterclaims, the state law of abandonment was an issue from the very beginning of the case. Plaintiff's argument that the case was litigated exclusively under federal law, when Silverman himself raised the issue of his rights under state law in his own complaint, is simply pretense and should be ignored.

CONCLUSION

A writ of certiorari should issue to review the judgment of the United States Court of Appeals for the Second Circuit herein.

Dated: New York, New York
June 15, 1989

Respectfully submitted,

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